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Proposed Attorneys for Debtors and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

Chapter 11

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,
 Debtor.

**Jointly Administered Under
 Case No. BK-S-06-10725 LBR**

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

**DECLARATION OF KEN SCHMIDT IN
 SUPPORT OF EMERGENCY MOTION FOR
 ORDER TO COMPEL FIDELITY
 NATIONAL TITLE INSURANCE
 COMPANY TO MAKE DISBURSEMENTS
 FROM LOAN FUNDS BEING HELD BY
 FIDELITY AS DISBURSEMENT AGENT
 (AFFECTS USA COMMERCIAL
 MORTGAGE COMPANY)**

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:
☐ All Debtors
☒ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA First Trust Deed Fund, LLC

Date: OST Requested
 Time: OST Requested

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

USA COMMERCIAL MORTGAGE
COMPANY,

Debtor.

Case Nos. BK-S-06-10725 LBR

Chapter 11

Date:

Time:

**DECLARATION OF KEN SCHMIDT IN SUPPORT OF EMERGENCY MOTION FOR
ORDER TO COMPEL FIDELITY NATIONAL TITLE INSURANCE COMPANY TO
MAKE DISBURSEMENTS FROM LOAN FUNDS BEING HELD BY FIDELITY AS
DISBURSEMENT AGENT**

Ken Schmidt, under penalties of perjury, hereby declares on this 8th day of May, 2006 that:

1. I am the Managing Member of Binford Medical Developers, LLC ("Binford
Medical").

2. Debtor USA Commercial Mortgage Company ("Debtor" or "USA") originated a construction loan to Binford Medical Developers (the "Binford Medical Loan") in the principal amount of \$8,375,000 on August 31, 2005.

3. The Binford Medical Loan is being used for the construction of a medical office building in Indianapolis, Indiana (the "Medical Building Project"). This building is the first of five medical office buildings that are planned for eventual construction by Binford Medical.

4. When the Binford Medical Loan was originated, an agreement was reached by USA and Binford Medical with Construction Disbursement Services of Fidelity National Title Insurance Company ("Fidelity") for Fidelity to act as the disbursement agent for the construction loan funds for the Binford Medical Loan.

5. Fidelity is currently holding approximately \$1,990,000 in the loan proceeds from the Binford Medical Loan.

6. Until the filing of USA's bankruptcy petition on April 13, 2006, Fidelity was regularly disbursing the Binford Medical Loan proceeds pursuant to draw requests submitted to Fidelity by the contractor on the Medical Building Project with the approval of Binford Medical and USA.

7. The contractor on the Medical Building Project submitted Draw Request No. 7 in the amount of \$275,200 to Fidelity on April 3, 2006. Draw Request No. 7 is for the balance of the steel erection for the Medical Building Project.

8. Fidelity has not paid Draw Request No. 7. I have been advised that USA is ready to approve the disbursement on Draw Request No. 7 as soon as Fidelity completes the inspection of the progress of construction on the Medical Building Project that Fidelity performs as part of its disbursement duties.

9. I have made repeated requests to Harry Westfall and Rita Bennett, Fidelity's disbursement officers, for Fidelity to pay the April 3, 2006 draw request, but Fidelity has not done so. Fidelity has advised me that it will honor Draw Request No. 7 and future draw requests upon receipt of an order from the Bankruptcy Court.

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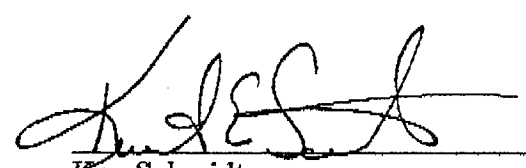
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10. The contractor on the Medical Building Project is rapidly approaching the deadline for mechanic's liens to be filed by his unpaid subcontractors. The contractor has demanded that the amount of the April 3, 2006 draw request be disbursed to him immediately, or the Medical Building Project is in jeopardy of being shut down.

11. If the Medical Building Project is shut down and delayed, Binford Medical faces the prospect of legal action and resulting legal fees from the contractor and the subcontractors as well as from tenants who will be delayed in being able to move into the Medical Building Project. Binford Medical's interest charges will also increase if the Medical Building Project is shut down and delayed.

Respectfully submitted on May 8, 2006.


Ken Schmidt

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